

Q3

Financial Report

Quarter ended 31st December, 2012



Total Income

₹270.98 crore (YoY growth of 14%)

EBDITA (From operation)

₹21.19 crore (YoY growth of 41%)

EBDITA Margin 7.8%

EPS (Annualised) ₹11.84

RONW (Annualised) 21%

ROCE (Annualised) 15.4%

Market Capitalisation

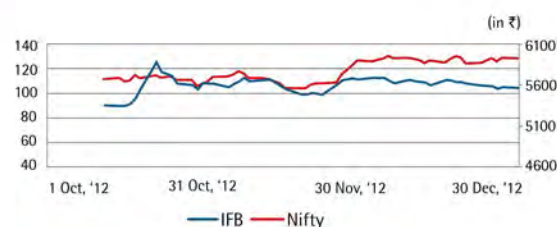
₹423.23 crore (as on 31.12.12/NSE)

Cash & Equivalents (Net)

₹92.25 crore (as on 31.12.12)

EV ₹330.98 crore

EV/EBDITA 3.90



IFB vs Nifty—price movement chart—3rd quarter

IFB Industries Limited's operation consists of two divisions, fine blanking and appliances. The fine blanking division has two manufacturing facilities, one in Kolkata and another in Bengaluru. The appliances division has its manufacturing facility in Goa and some of its products are imported from various countries around the globe.

FINANCIAL REVIEW

P&L

For the quarter ended Dec '12, IFB has reported net sales of ₹255.03 crore, a growth of 15% over the corresponding quarter of last year. EBDITA during the quarter ended Dec '12 has moved up

by 41% to ₹21.19 crore. Despite higher depreciation charges, PBT grew by 48% over the corresponding period of last year at ₹16.38 crore. During the 3rd quarter of last year, tax outgo was much lower owing to availment of tax benefits under R&D. As a result, the growth in PAT is lower at 11% during the 3rd quarter of 2012–13 compared with the corresponding period of last year.

For the nine months ended Dec '12, net sales have grown by 19% compared with the corresponding period of last year. EBDITA margin has slightly improved at 7.33% against 7.28% of last year.

BS

IFB Industries Limited has remained debt free on net basis as on 31st Dec, 2012. We have taken some buyers' credit and the same will be repaid during the 4th quarter. The ROCE and RONW have improved compared with the 2nd quarter.

Cash Flow

During the quarter ended Dec '12, IFB Industries Limited has generated ₹20.41 crore from its operation while for the nine months ended Dec '12 it generated ₹49.50 crore. Due to the improvements in debtors and inventory, cash generated from operation during the quarter ended Dec '12 was ₹39.39 crore. Capital expenditure to the tune of ₹14.50 crore was incurred during the quarter ended Dec '12 and an amount of ₹41.02 crore was incurred during the nine months ended Dec '12. An amount of ₹7.88 crore was invested in mutual funds during Oct–Dec '12 and during the nine months ended Dec '12 an amount of ₹51.63 crore was invested in mutual funds. During the nine months ended Dec '12 there was a preferential allotment to the promoter group company that brought ₹42 crore into the company.

We expect that in the coming quarter, blockages in the working capital will further reduce and we will be able to generate/maximise free cash flow.

Outlook

After almost three years of slowing economic growth and elevated inflation, we are now seeing the early signs of a reversal. The government is taking clear steps to tighten fiscal policy. There

has been a significant deceleration in growth of central government spending from Sep '12 onwards. Secondly, the government has made decisive moves to reduce the fuel subsidy burden since Sep '12. Rural wage growth has started to moderate after almost five years of acceleration. High rural wage growth has been one of the key factors resulting in higher food and CPI inflation. Expectations of an interest rate cut in FY2013 persist.

The rising car prices, significant increases in fuel prices and a higher interest regime are forcing consumers to delay their new vehicle purchases and instead settle for second hand cars.

A meaningful reduction in the interest rate will help to increase automobile sales and will be beneficial to our fine blanking business.

The appliance industry in India is expected to grow by about 5% in 2012–13. This low growth is primarily due to the price increases in home appliance products in 2012–13.

IFB's appliances division has grown significantly, at a much faster rate compared with the industry growth rate during the nine months ended Dec '12 and this we expect to continue going forward.

We expect good growth in dishwashers and dryers going forward. We firmly believe these are the next big growth categories in India, just as washing machines and refrigerators were in the last decade. The shortage of domestic help and higher number of working women point to an increase in demand for these products in the future. IFB, being an early entrant, is well positioned to exploit this change in social trends.

In view of the difficult market scenario, we will continue to focus on 'cost & cash'. While there will be tremendous thrust on reducing discretionary expenditures, we will try to further improve the cash flow by reducing our inventories and debtors.

We will introduce refrigerators and ACs during the 4th quarter of the current financial year. In our fine blanking division, we will focus more on the 'non-auto' segment in order to reduce dependence on the 'auto' segment.

Appliances division

The appliances division sells a wide range of domestic and industrial appliances such as washing machines (domestic and industrial, including dry cleaning and other finishing equipment such as irons, etc.), microwave ovens, dishwashers (industrial and domestic), clothes dryers, modular kitchens, kitchen appliances (hobs, chimneys and built in ovens), etc. The manufacturing facility at Goa manufactures washing machines and clothes dryers while the rest of the products are imported from various quality suppliers around the globe.

Despite stiff competition and a difficult economic environment, the appliances division has been able to grow its net sales by 15% over the corresponding quarter of last year and by 17% over the last quarter of the current year.

For the nine months ended Dec '12, net sales grew by 19% over the corresponding period of last year.

EBDITA margin for the quarter ended Dec '12 was 8.1% against 6.3% of the same period last year.

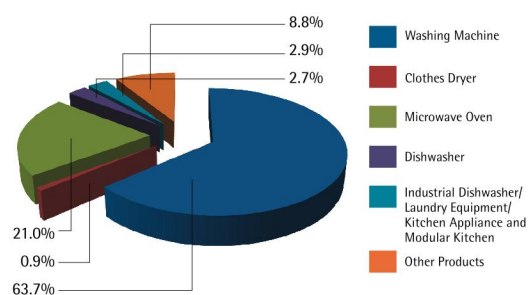
EBDITA margin for the nine months ended Dec '12 was 7.4% against 7.2% last year.

Despite intense competition and a difficult economic environment, margins could be grown owing to stable exchange rates during the 3rd quarter and the impact of price increases during the previous quarters. The hedging strategy during this quarter worked well.

The expenses incurred towards the new product launches such as ACs and refrigerators, amounting ₹1.60 crore, have been absorbed during the nine months ended Dec '12.

For quarter

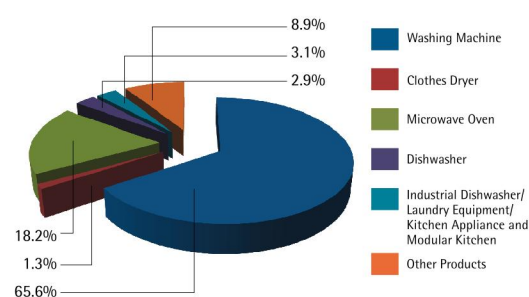
The appliances division has recorded net sales amounting ₹229.91 crore for the quarter ended Dec '12. Washing machines and microwaves continued to be the leading contributors; together they contributed approximately 85% of the total sales.



Product-wise spread in appliances division

For YTD Dec '12

The net sales during the nine months ended Dec '12 rose to ₹585.38 crore against ₹491.24 crore in the corresponding period last year.



Product-wise spread in Home Appliance Division

The notable thing about the performance of the appliances division is the significant increase in the return on capital employed. For the quarter ended Dec '12, ROCE was 40.8% against 28.3% during the corresponding period last year.

Summarised financial performance of appliances division

(₹ in crores)

	Q3 ('12-'13)	Q3 ('11-'12)	9M ('12-'13)	9M ('11-'12)	FY ('11-'12)
Revenue	229.91	199.2	585.38	491.24	656.34
EBDITA	18.65	12.6	43.36	35.23	38.58
EBIT	15.81	9.92	35.07	27.88	28.52
Capital Employed	155.09	140.46	155.09	140.46	142.82
ROCE (%)—Annualised	40.8	28.3	30.2	26.5	20

Future outlook and strategy

The appliances division has been able to post sales growth of more than the industry growth in the first nine months of FY 2012-13.

Our exclusive franchise run retail stores, the IFB Points were started around 15 months ago and as of 31st Dec, 2012, we have 181 IFB Points spread across India. These IFB points cater to tier 1, tier 2 and tier 3 cities. At present, they contribute 9% of our current revenue and this is expected to increase significantly going forward. We are planning to increase the numbers of IFB Points to 400 by 31st March, 2013. We firmly believe that with the increasing amount of disposable income in semi-urban and rural markets, these IFB Points will satisfy the needs of these consumers. It may be mentioned that sales from IFB Points are more profitable compared with those through normal channels.

We are also planning to increase our sales from online stores. As on 31st Dec, 2012, we have a total of 331 service franchisees across India.

We are emphasising on training and bolstering our training infrastructure. We will have a total of 13 training centres by 31st March, 2013.

We are also focusing on exports so that we can utilise our available capacity. Exports have started and are going on well in countries such as Sri Lanka and Nepal. OEM Exports to developed countries are also in advanced stages of negotiation.

We are also trying to improve our EBDITA margin by focusing on raw material cost reduction through indigenous sourcing of some parts, alternate sourcing and through model/mix improvements.

We have started our own call centre (we call it service centre) at Goa from Nov '12. We currently have 65 ambassadors and this number will go up to 85 by March '13. In addition, we have two outsourced call centres in Hyderabad and Munnar, servicing inbound calls in 10 languages.

The refrigerator and AC launches are as per the plan. These are being sourced based on

specifications we deem suitable for the Indian market. The field testing has been completed and we have placed commercial orders for introduction in the 4th quarter.

Fine blanking division

The fine blanking division mainly caters to the automobile sector and its growth is mostly linked with the growth in the automobile industry. It is one of the pioneers in this industry.

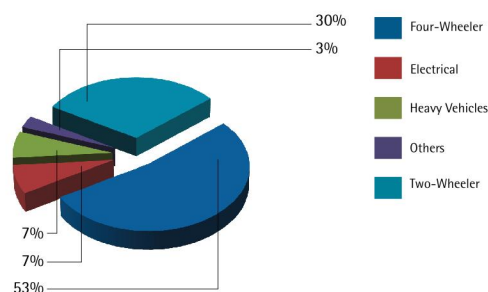
The automobile industry, the major customer segment for our engineering division, has not grown as per expectations at the beginning of the financial year. The automobile industry since April '12 has consistently cut down its growth projection for 2012-13. SIAM (Society of Indian Automobile Manufacturers) projected a growth rate of 11-13% at the beginning of the year, reduced to 5-7% in September and now, at the end of Dec '12, the growth projection for 2012-13 has been further reduced to just 1%. The slowing demand is due to a subdued rise in disposable income (inflation adjusted) in the hands of consumers and also higher vehicle and fuel prices. The higher interest rate regime during April-Dec '12 has also affected the automobile industry as vehicle sales are dependent on vehicle loans.

During the 3rd quarter of 2012-13, the fine blanking division has recorded a sales growth of 8.5% compared with the corresponding period of last year. This should be viewed against the Indian automobile industry's growth during the nine months of 2012-13. We could grow our topline more than the industry growth rate mainly because of quality products, wider offerings and focus on the non-auto segment. The non-auto segment's contribution of sales during the 3rd quarter of 2012-13 was 10% against last year's contribution of 8%.

For quarter

For the quarter ended Dec '12, four-wheeler segment contributed 53% of the revenue compared with 56% during the corresponding period of last year. One of our key customers has witnessed a

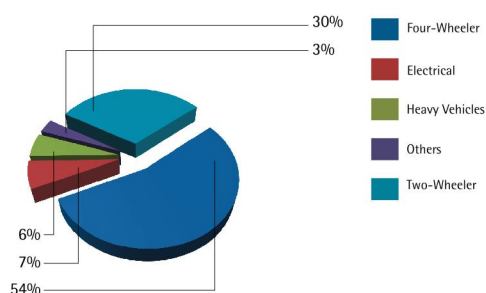
fall in production that has impacted the sales in the four-wheeler segment. Sales to the two-wheeler segment were steady at 30%.



Customer segment breakdown

For YTD Dec '12

For the nine months ended Dec '12, the customer-wise sales pattern remained the same as in Q3.



Customer segment breakdown

During the 3rd quarter of 2012-13, revenue increased by 9% compared with the corresponding period of last year. Revenue in the 3rd quarter has also

improved by 6% over the 2nd quarter of 2012-13. EBDITA margin in the 3rd quarter of 2012-13 was 11% compared with 9% in the 3rd quarter of 2011-12. EBDITA margin in the 3rd quarter of the current year has also improved compared with the second quarter of the current year.

EBDITA margin for the nine months ended Dec '12 remained the same as that of last year.

We are hopeful of further margin expansion in the 4th quarter of 2012-13 due to our initiatives on increasing the sales revenue, curtailment of discriminatory expenditures and focus on value added products.

Return on capital employed (ROCE) for both the quarter and nine months ended Dec '12 was at a lower level compared with the last year owing to the stabilisation of new machines. We expect the ROCE to improve going forward.

We are on target with our planned capital expenditure of ₹70 crore. It is important to note that we are incurring the capital expenditure at the bottom of the industry cycle and will be benefited once the cycle turns positive.

We are aggressively pursuing more orders from our existing customers as well as from new customers during the current financial year.

Summarised financial performance of the engineering division

(₹ in crores)

	Q3 ('12-'13)	Q3 ('11-'12)	9M ('12-'13)	9M ('11-'12)	FY ('11-'12)
Revenue	38.21	35.22	115.16	103.64	146.61
EBDITA	4.25	3.32	13.06	11.91	17.54
EBIT	2.62	2.42	9.13	9.32	13.99
Capital Employed	85.52	57.09	85.52	57.09	64.24
ROCE (%)—Annualised	12.3	17.0	14.2	21.8	21.8

Future outlook and strategy

In order to improve the EBDITA margin and ROCE, we are focusing on improving the product mix and reducing the number of low contributory items. We are focusing on operational efficiency, reduction in scraps and quality rejections. Going forward,

the capacity utilisations of our presses will also improve. We are taking steps to upgrade and modernise our tool room. These steps will further increase our productivity, profitability and quality effective 4th quarter of 2012-13.

INCOME STATEMENT

	Quarter 3		YTD (₹in crores)	
	2012-13	2011-2012	2012-13	2011-12
Gross Sales	330.58	278.75	843.54	639.09
Less: Excise Duty	20.88	14.11	55.57	37.41
Less: Trade Scheme	54.67	42.89	126.50	97.97
Net Sales	255.03	221.75	661.47	557.71
Service Income	8.28	8.36	25.31	25.03
Other Income	7.67	7.30	21.10	18.79
Total Income	270.98	237.41	707.88	601.53
EBDITA (Before exceptional expenses)	21.19	15.06	51.90	43.80
EBDITA Margin	7.8%	6.3%	7.3%	7.3%
Depreciation	4.75	3.91	13.20	10.87
Interest	0.06	0.09	0.16	0.17
PBT (Before exceptional expenses)	16.38	11.06	38.54	32.76
Exceptional Expenses	-	-	-	1.50
PBT	16.38	11.06	38.54	31.26
PAT	11.99	10.78	27.37	26.22
PAT Margin	4.4%	4.5%	3.9%	4.4%
No of Shares (In crores)	4.05	3.55	4.05	3.55
Earnings Per Share (₹)	2.96	3.04	6.98	7.39

BALANCE SHEET

(₹in crores)

	31st Dec, 2012	31st Dec, 2011
I EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	41.28	36.22
Reserves & Surplus	270.27	190.44
II LOAN FUNDS		
Secured Loans	6.97	14.79
III DEFERRED TAX LIABILITIES (NET)	18.96	11.70
IV CURRENT LIABILITIES		
Trade Payables	147.87	159.64
Other Current Liabilities	45.98	53.16
Provisions	34.42	28.20
Total	565.75	494.15
I FIXED ASSETS		
Tangible Assets	170.16	136.30
Intangible Assets	8.78	8.82
Capital Work-in-Progress	9.70	4.16
II CURRENT INVESTMENTS	63.92	39.78
III CURRENT ASSETS		
Inventories	139.58	124.79
Trade Receivables	63.39	62.14
Cash and Bank Balances	35.30	40.36
Loans and Advances	74.92	77.80
Total	565.75	494.15

KEY RATIOS

	Quarter 3		YTD	
	31st Dec, 2012	31st Dec, 2011	31st Dec, 2012	31st Dec, 2011
Earnings Per Share (In ₹)	2.96	3.04	6.98	7.39
Book Value Per Share (In ₹)	76.93	63.85	76.93	63.85
Current Ratio	1.60	1.35	1.60	1.35
Quick Ratio	1.01	0.86	1.01	0.86
EBDIT/Total Income (Before exceptional items)	7.8%	6.3%	7.3%	7.3%
Net Profit Margin as % of Total Income	4.4%	4.5%	3.9%	4.4%
Net Worth (₹ in crores)	311.55	226.66	311.55	226.66
RONW (%)—Annualised	21.0%	19.5%	16.5%	19.3%
ROCE on Gross Assets Deployed (%)	11.6%	9.0%	9.1%	8.8%
No of Equity Shares (In crores)	4.05	3.55	4.05	3.55
Average Market Price as on Quarter/Year End	104.83	87.15	83.64	113.83
Market Capitalisation (₹ in crores)	423.23	209.27	423.23	209.27
Headcount (Numbers)	1356	1192	1356	1192
Total Income Per Employee (₹ in crores)	0.20	0.20	0.52	0.50
PBT Per Employee (₹ in crores)	0.01	0.01	0.03	0.03
Days Sundry Debtors Outstanding	17	20	20	24
Inventory Holding (Days Sales)	39	41	45	49

CASH FLOW STATEMENT

	Quarter ended 31st Dec, 2012 ₹ in crores	Quarter ended 31st Dec, 2011 ₹ in crores	Period ended 31st Dec, 2012 ₹ in crores	Period ended 31st Dec, 2011 ₹ in crores
(A) CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit Before Tax	16.38	11.06	38.54	31.26
Adjustments for:				
Depreciation/Amortisation	4.75	3.91	13.20	10.87
Loss on Disposal of Fixed Assets	-	0.22	(0.01)	0.22
Write off of Fixed Assets	0.01	0.01	0.02	0.14
Write off of Debts/Advances	0.16	0.27	0.18	0.63
Provision for Doubtful Debts and Advances	0.21	(0.01)	0.23	0.03
Expenses on Employee Stock Purchase Scheme	-	0.36	-	0.36
Dividend From Mutual Funds	(0.56)	(0.43)	(1.33)	(1.58)
Net Gain on Sale of Mutual Funds	(0.38)	(0.68)	(0.99)	(0.71)
Write Back of Liabilities No Longer Required	(0.22)	(0.25)	(0.49)	(0.56)
Write Back of Provisions No Longer Required	-	(0.01)	(0.01)	(0.40)
Financial Charges	0.06	0.09	0.16	0.17
Operating Profit Before Working Capital Changes	20.41	14.54	49.50	40.43
Movement in Working Capital	18.98	(2.62)	(17.23)	(10.90)
Cash Generated From Operations	39.39	11.92	32.27	29.53
Direct Taxes Paid	(3.03)	(0.81)	(8.63)	(7.21)
Net Cash From/(Used in) Operating Activities	36.36	11.11	23.64	22.32
(B) CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (Including Intangible Assets, CWIP and Capital Advances)	(14.51)	(6.35)	(41.04)	(27.51)
Proceeds From Disposal of Fixed Assets	0.01	0.03	0.02	0.06
Purchase of Current Investments	(19.46)	-	(115.78)	-
Proceeds From Sale/Maturity of Current Investment (Incl Dividends)	11.58	12.91	64.15	20.48
Net Cash From/(Used in) Investing Activities	(22.38)	6.59	(92.65)	(6.97)
(C) CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds From Issuance of Shares	-	0.09	42.00	0.09
Proceeds From Borrowings	(13.51)	(14.79)	6.97	-
Financial Charges	(0.06)	(0.09)	(0.16)	(0.17)
Net Cash From/(Used in) Financing Activities	(13.57)	(14.79)	48.81	(0.08)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	0.41	2.91	(20.20)	15.27
CASH AND CASH EQUIVALENTS, BEGINNING	30.65	40.36	51.26	28.00
CASH AND CASH EQUIVALENTS, END	31.06	43.27	31.06	43.27

Thank You



Disclaimer

This presentation contains statements that reflect the management's current views and estimates and could be construed as forward looking statements. The future involves certain risks and uncertainties that could cause actual results to differ materially from the current views being expressed. Partial risks and uncertainties include such factors as general economic conditions, commodity prices and currency fluctuations, competitive product and pricing pressures, industrial relations and regulatory developments.



Cooker Hood | Built in Hob



Built in Oven



100% Clothes Dryer



Front Loader



Top Loader



Dishwasher



Microwave Oven



Air Conditioner

OVER 3 MILLION
SATISFIED CUSTOMERS

IFB
IFB Industries Limited

Plot No IND-5 Sector | East Kolkata Township | Kolkata 700107 | West Bengal | India